



**ADOPTED  
ANNUAL BUDGET**

**For the Fiscal Year October 1, 2008 to September 30, 2009**

**City of Wharton  
120 East Caney  
Wharton, Texas 77488  
(979) 532-2491**

**Andres Garza, Jr., City Manager  
Joyce Vasut, CPA, Finance Director**

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**CITY OF WHARTON**

**ANNUAL BUDGET**

**For Fiscal Year Ending September 30, 2009**

**Wharton, Texas City Council**

David W. Samuelson

V. L. Wiley, Jr.

Lewis Fortenberry, Jr.

Ken Freese

Donald Mueller

Domingo Montalvo, Jr.

Jeff Gubbels

Mayor

Councilman, District 1

Councilman, District 2

Councilman, District 3

Councilman, District 4

Councilman, At Large District 5

Councilman, At Large District 6

Proposed By:

Andres Garza, Jr.

City Manager

Prepared By:

Joyce Vasut

Finance Director

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## City of Wharton Principal Officials

### Wharton, Texas City Council

<u>Official</u>	<u>Elected Position</u>	<u>Term Expires</u>
David W. Samuelson	Mayor	May, 2010
V. L. Wiley, Jr.	Councilman, District 1	May, 2009
Lewis Fortenberry, Jr.	Councilman, District 2	May, 2010
Ken Freese	Councilman, District 3	May, 2009
Donald Mueller	Councilman, District 4	May, 2010
Domingo Montalvo, Jr.	Councilman, At Large District 5	May, 2009
Jeff Gubbels	Councilman, At Large District 6	May, 2010

### Department Heads & Key Positions

<u>Official</u>	<u>Staff Position</u>
Andres Garza, Jr.	City Manager
Paul Webb	City Attorney
Mary Garcia	City Judge
Joyce Vasut	Finance Director
Lisa Olmeda	City Secretary
Tim Guin	Police Chief
Bobby Barnett	Fire Chief
Ronnie Bollom	Building Official
Carter Miska	Public Works Director
Robert Baker	Facilities Maintenance Director
Jo Knezek	Community Services Director
John Kowalik	EMS Director
Jim Cooper	Emergency Management Coordinator

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**City of Wharton**  
**Statement on Property Tax Revenue**  
**Budget for Fiscal Year 2008-09**

As required by House Bill 3195 passed by the Texas Legislature in 2007, the City is including the following statement relative to property tax revenues:

This budget will raise more total property taxes than last years budget by \$38,782 or 2.0% and of that amount \$42,590 is tax revenue to be raised from new property added to the tax roll this year.



# City of Wharton

120 E. Caney Street • Wharton, Texas 77488  
Phone (979) 532-2491 • Fax (979) 532-0181

October 1, 2008

Honorable Mayor and City Council  
120 East Caney  
Wharton, Texas 77488

Honorable Mayor and City Councilmembers:

Forwarded herewith in accordance with the City Charter is the adopted 2008-2009 Annual Budget. The budget document is the result of considerable work by the City staff and the City Council who provided the necessary input to balance the budget while maintaining the appropriate service levels.

The City is faced with the challenge of balancing the budget with a tax rate which is slightly less than the effective tax rate and the current tax rate and with decreasing sales tax revenues while providing a cost of living increase for all full-time employees and overcoming the increasing costs of fuel, electricity, insurance, debt service, maintenance and other materials and services.

The adopted overall operating budget of \$10,473,555 is \$552,561 more than the adopted 2007-2008 budget.

## **MAJOR INITIATIVES**

The City's most important initiative continues to be providing drainage improvements for the City. The City issued bonds in 2006 which are being used to complete the Santa Fe Drainage Outfall Project. The Santa Fe Drainage Outfall Project will improve drainage in many residential subdivisions and other parts of the City.

Another major initiative of the City is to continue the efforts to reduce flooding in the City. The final report regarding the Wharton Interim Feasibility study identifies potential flood reduction solutions from the Colorado River which include the construction of levees and sumps in the City. The report was completed and approved by the United States Corp of Engineers (USCOE). The project was submitted to the United States Congress by the USCOE and authorized by congress in the Water Resource Development Act of 2007. The City will continue to make this project a priority and continue to fund the City's portion of the Pre-construction Engineering and Design (PED) phase of the project.

As part of the City's flood reduction initiative, the City has filed an application with the Federal Emergency Management Association (FEMA) to participate in the National Flood Insurance Program's (NFIP) Community Rating System (CRS). The CRS provides insurance

premium rate reductions for communities that enact regulatory floodplain standards that are higher than the minimum NFIP requirements. This program provides citizens with discounts on flood insurance premiums. The City is awaiting a response from FEMA.

Transportation is also a very important initiative within the City. Kansas City Southern will be relaying the railroad track that bisects the City. Therefore, the City is planning to construct an overpass as part of the 1301 extension project. This project will extend FM 1301 to Highway 59 and provide safe vehicle traffic over the railroad track at all times.

Other initiatives include the continued efforts to improve housing and increase the assessed values within the City. The City will continue to work with investors willing to build houses and create subdivisions within the City.

**REVENUES**

Adopted revenues for all funds total \$10,473,555, which does not include transfers since transfers do not meet the definition of revenue. The following table reflects revenues for the 2007-08 fiscal year with the 2008-09 adopted budget for comparison:

Category	2007-08	2008-09	%
Ad Valorem Taxes	2,002,193	2,040,975	1.9%
Sales Tax	1,443,002	1,227,515	-14.9%
Other Taxes	1,103,495	1,220,646	10.6%
Licenses & Permits	80,700	78,700	2.5%
Industrial District Payment		312,300	N/A
Fines & Forfeitures	230,400	190,400	-17.4%
Charges for Services	4,502,104	4,963,869	10.3%
Intergovernmental	311,000	291,000	-6.4%
Miscellaneous	<u>248,100</u>	<u>148,150</u>	<u>-40.3%</u>
	\$9,920,994	\$10,473,555	5.6%

Overall, revenues are increasing by approximately 5.6%. This increase is due to many factors. There are revenue increases in the following areas:

- Increase of approximately \$40,000 in ad valorem taxes from new properties added to the tax roll.
- Increases in other taxes include over \$100,000 increase in franchise taxes and \$20,000 hotel/motel taxes.
- The addition of the industrial district payment from Navasota Energy of \$312,000.
- Increase in charges for services due to an increase in water/sewer rates of 15%, a slight increase in solid waste fees and increased activity for EMS and the Airport.

Revenues also decreased in several areas:

- Sales tax revenue decreased by nearly \$220,000 due to relocation of a business and other economic impacts.
- Fines and forfeitures decrease by approximately \$40,000.
- Miscellaneous revenues decreased by nearly \$93,000 due to the previous year's sale of the Police Department and a drop in interest rates.

## APPROPRIATIONS

Adopted appropriations for the year for all funds are \$10,661,339, not including transfers. The following table reflects appropriations for the 2007-08 fiscal year with the 2008-09 adopted budget for comparison:

Category	2007-08	2008-09	%
Administration	913,283	944,484	3.4%
Public Safety	3,550,711	3,708,722	4.5%
Public Works	3,618,875	4,009,747	10.8%
Community Services	326,171	345,408	5.9%
Debt	859,894	859,541	0%
Depreciation & Bad Debt	562,120	577,137	2.7%
Capital Outlay & Improvements	167,300	216,300	29.3%
Total	\$9,998,354	\$10,661,339	6.6%

The increases in expenditures are across all areas. Personnel cost include a 3% cost of living increase for employees and a 16% increase in health insurance. However, the increase in personnel costs was offset with a reduction in the number of positions. Citywide, four positions were cut including an administrative position, a code enforcement officer, a facilities maintenance worker and the DARE officer position. Other increases included the increase in the cost of fuel, electricity, supplies and other services.

## GENERAL FUND

Estimated revenues for the 2009 fiscal year are submitted at \$4,915,613 which are \$67,550 less than revenues budgeted for fiscal year 2008 and include transfers in of \$461,207. Overall, property tax revenues will increase by about \$34,000 with the tax rate being adopted at \$0.51280 which is slightly less than the effective rate and last year's tax rate. Even though property tax revenues will increase by approximately \$34,000, the General Fund will see a \$171,000 decrease due to increased debt services requirements from property tax revenues.

Sales tax includes a conservative fifteen percent (15%) or \$215,000 decrease from the 2007-08 adopted budget. This decrease is due to the relocation of a business that contributed a relatively large amount of sales tax revenues to the City. Franchise taxes for electricity and natural gas are adopted a combined \$10,000 greater than the previous year due to a new franchise agreements and calculations.

The adopted revenues also include \$312,300 for the industrial district payment from Navasota Energy. The sale of City owned properties decrease from \$130,000 to \$50,000.

Appropriations for the year are adopted at \$4,915,613 which include no transfers out. In the adopted budget there is no excess of revenues over expenditures being budgeted to add to the fund balance.

In detail, the general government administration of the City provides administrative services to all departments and includes the Mayor & Council, City Manager, City Secretary, Legal and Professional Services, Finance, Municipal Court, Community Service Coordinator, and Central Services.

Services are provided by the general government administration to Public Safety, Public Works, Community Services, Water and Sewer, Civic Center, Solid Waste, EMS, Airport and other operations, departments, functions and activities of the City. The General Administration budget of \$783,647 represents approximately 16% of the General Fund budget.

The adopted appropriation for Public Safety is \$2,751,240. Public Safety is structured to include Police, Fire, Code Enforcement, Emergency Management, Animal Control and Communications. Public Safety represents approximately 56% of the General Fund budget.

Public Works' appropriations are adopted at \$1,126,753. Public Works consists of Streets & Drainage, Garage and Facilities Maintenance and is approximately 23% of the total General Fund budget.

Community Services is a department consisting of grant administration and is approximately 3% of the total General Fund budget at \$128,873.

Principal and interest payments from the several lease-purchase programs total \$62,100 or approximately 1% of the budget. Capital purchases including three new police vehicles are budgeted for \$63,000.

Operating transfers-out have been used in the past to maintain the current service levels of some of the special revenue and enterprise funds. However, there will not be any operating transfers from the General Fund during fiscal year 2008-09.

## **SPECIAL REVENUE FUNDS**

The City budgeted for three special revenue funds in the past. However, for fiscal year 2008-2009 there will be only two budgeted special revenue funds since Wharton Independent School District decided to terminate the DARE program. The two special revenue funds that will be budgeted are the Hotel/Motel Fund and the Seizure Fund.

The Hotel/Motel is used to account for revenues generated from the City's 7% Hotel/Motel Occupancy tax and the related uses in compliance with the City Charter and expended in

compliance with State Laws for the promotion of tourism and convention industry. The total revenue is budgeted at \$187,500. The expenditures also total \$187,500 with \$150,000 being transferred to the Civic Center operations.

The Narcotics/Seizure Fund is used to account for the resources and uses of assets seized in illegal narcotics activities. The uses are limited to law enforcement activities and must be made in compliance with applicable state and federal regulations. The adopted budget includes the use of the prior years fund balance as opposed to current seizure revenues and includes a transfer of \$40,000 to the General Fund for partial funding for the Narcotics Officer.

## **DEBT SERVICE**

The Debt Service Fund includes \$623,580 of revenues, which is generated from \$594,080 of current ad valorem taxes, \$17,000 from delinquent taxes and penalties and \$12,500 from interest income. Appropriations total \$599,080, which include \$370,240 for principle and \$223,840 for interest payments.

## **CAPITAL IMPROVEMENT FUND**

The Capital Improvement Fund includes \$75,000 from the Water/Sewer Fund and \$50,000 from the Solid Waste Fund. The Capital Improvement Expenditures include \$125,000 to fund Street and Drainage Improvements.

## **ENTERPRISE FUNDS**

There are five enterprise funds for the 2009 fiscal year. This reporting approach will give council and citizens a better view of financial operations while allowing their user based operations the ability to replace worn equipment from retained earnings as opposed to current dollars.

The Water and Sewer Fund provides for the delivery, billing and collection of water and sewer services provided throughout the City. Revenues are projected at \$2,759,000. The adopted budget includes a fifteen percent (15%) water and sewer rate increase. The Water and Sewer appropriations are \$2,759,000 which include administrative costs of \$100,791, planning costs of \$60,046, water operations of \$761,688, and sewer operations of \$844,869. Additional costs for the Water and Sewer Fund include transfers-out to the General Fund and Street Improvement Program of \$452,151, depreciation expense of \$365,355 and interest expense of \$174,100. The amount appropriated for depreciation will allow the fund to build reserves to handle some of the capital needs in the future.

The Solid Waste Fund is established to account for the billing, collecting and expenditures associated with the City's contract for solid waste services. The City has authorized a new contract with Waste Corporation of America to provide solid waste collection services starting October 1, 2008. The fund is budgeted at \$1,200,200 in revenue. Appropriations of \$1,200,200 include \$65,000 of franchise taxes to the General Fund and \$34,200 to provide a full-time employee for City beautification efforts.

